GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:6179
ANSWERED ON:05.05.2000
FDI
HANNAN MOLLAH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) Whether the Government are contemplating Foreign Direct Investment in trading Sector;

(b) If so, the details thereof;

(c) Whether the Government have received any representation in this regard;

(d) If so, the details thereof; and

(e) The action taken by the Government thereon so far?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

(a) & (b) : Foreign Investment upto 51% for trading is allowed through the automatic route subject to the condition that the undertaking concerned should be an export house, registered under the provisions of the Export & Import Policy in force.Foreign Direct Investment upto 100% is permitted in case of trading involving the following:

(i) exports;

(ii) bulk imports with export/exbonded warehouse sales;

(iii) cash and carry wholesale trading;

(iv) other import of goods or services provided at least 75% is for procurement and sales of goods and services among the companies of the same group and not for third party use or onward transfer/distribution/sales etc.

(c) to (e) : Government has received representations from various quarters against permitting FDI in retail trading.Under the current policy, foreign direct investment (FDI) in retail trading is not permissible.